

# **EXHIBIT 36**

Message

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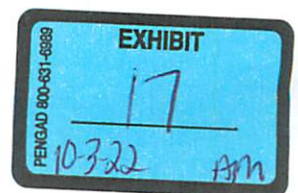
**From:** Randy Franzen [RFranzen@voynowbayard.com]  
**Sent:** 6/8/2011 4:41:47 PM  
**To:** Michael Koufakis [mkoufakis@gmail.com]  
**CC:** gomena05@aol.com  
**Subject:** Interim letters  
**Attachments:** STAR TOYOTA OF BAYSIDE 5 30 2011 interim letter.pdf; STAR MITSUBISHI 5 30 2011 interim letter.pdf; STAR METRO CHRYSLER JEEP 5 30 2011 interim letter.pdf; STAR HYUNDAI 5 30 2011 interim letter.pdf; STAR NISSAN 5 30 2011 interim letter.pdf

Hi Mike

Attached are the interim letters. We have some concerns with the parts departments. There is a lot of activity and the follow up is not up to par. When you have some time I would like to go over our concerns in the parts department.

Any question please do not hesitate to contact us.

Randy



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May 30, 2011

Mr. Michael Koufakis  
Star Toyota of Bayside  
206-26 Northern Blvd  
Bayside, NY 13361

Dear Michael

The following is an overview of items noted during our most recent visit to your dealerships.

### CASH

- The Merchant, Operating, Refund and Motor Vehicle accounts were reconciled through the end of April.
- The Payroll cash account was still in the process of being reconciled by Debbie for April, however, the account had been properly reconciled through March.

### CONTRACTS IN TRANSIT

- There was \$666,234 in outstanding contracts as of May 24, 2011 with 14 contracts totaling \$276,878 aged over 15 days. The oldest outstanding contract was 63 days old (#130217 Yong Jin Wu \$24,975).

### VEHICLE RECEIVABLES

- The schedule contains large credit balances for Luxury Leasing (#74334) for (\$200,002) and United Auto USA Corp (#126645) for (\$259,099). These accounts need to be reconciled right away to make sure that all sales to these customers have been recorded. If all sales have been recorded why have these customers paid so much money in advance?
- The schedule contains one receivable balance which is for Eli Tbasinc for \$5,000 and is 5 days old.

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#### ACCOUNTS RECEIVABLE PARTS AND SERVICE

- The total outstanding balance was \$287,267 with \$67,454 of the total balance being either intercompany balances or owner receivable balances. We noted the following customers with balances over 120 days old:

|                         |       |
|-------------------------|-------|
| ○ Flushing Firestone    | \$885 |
| ○ Central Auto          | \$944 |
| ○ Champion Collision    | \$639 |
| ○ Savvy System LTD      | \$92  |
| ○ Long Island City Auto | \$138 |
| ○ Moonlight Courier     | \$418 |
| ○ NYPD Fleet Service    | \$212 |
| ○ Automotive Resources  | \$172 |

We reviewed these customer balances with Staci and Al Karim and after we brought these balances to Al's attention he is following up with the customers to try to get the balances paid.

- We recommend that Al review the receivable list as least weekly to determine if any customers have not paid. He should then follow up with the customers immediately to get the unpaid balances collected.

#### REBATES RECEIVABLE

- We reviewed the schedule and noted many open balances for delivery allowance that will not be paid until the vehicles are sold. Staci checks periodically to make sure that all vehicles with unpaid balances are still in stock.
- We also noted several credit balances which total (\$49,326) for rebate programs for which the factory overpaid (paid for cars that don't qualify etc.). Staci expects these amounts to be charged back by the factory.

#### WARRANTY RECEIVABLE

- The warranty schedule contains 15 items aged over 30 days that total \$11,448. Per Staci, 2 of the items which total \$5,443 were paid on that weeks warranty statement which was not recorded yet at that point in time. The service department is following up to get the other balances paid.

#### FLOOR PLAN

- The floorplan notes payable has been reconciled through the April 30, 2011 floor plan statement. No physical inventories have been taken by the dealership.



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NEW AND USED VEHICLE PHYSICALS

- In order to maintain proper internal control over your vehicle inventory, we recommend that you have someone independent of the sales department write up a blind count listing of all new and used vehicles located on the dealership's property. Next, someone in the accounting office needs to reconcile the physical inventory listing sheets to the accounting schedules, and investigate all reconciling items. These procedures will ensure that your books and records accurately reflect the inventory physically located at your dealership. With the investment you have in these assets, we recommend that physical inventories be taken at your dealerships at least monthly.

EXTENDED WARRANTY A/P

- We noted that this schedule contains many old unpaid balances over 90 days old. These balances need to be researched to determine if the amounts are owed for premiums on extended warranties sold to customers or if the amounts need to be adjusted.

SUBLET INVENTORY

- We reviewed this schedule and noted a balance related to a warranty repair order from 1/31/2011 which has not been closed yet. If this R.O. has been completed the R.O. should be closed immediately so that the warranty claim can be submitted.

SERVICE DEPARTMENT

- We looked at an open repair order list (RO) and went over RO's aged 5+ days with the service advisors. We were unable to locate the following customers vehicles:

| RO#    | CUSTOMER                   | DATE      | COMMENT   |
|--------|----------------------------|-----------|---|
| 311768 | HADSON TOKO TRADING CO INC | 11/4/2010 | PARTS ORDERED, WAITING FOR CUSTOMER TO BRING IN CAR F |
| 316346 | SANJAY SETHI               | 1/19/2011 | CUSTOMER ON PAYMENT PLAN                              |
| 316467 | NYPD FLEET SERVICE         | 1/20/2011 | CAR RELEASED WITHOUT PAYMENT                          |
| 322678 | GARVIN BROWN               | 4/19/2011 | EMPLOYEES CAR, RELEASED WITHOUT PAYMENT               |
| 320748 | NYPD FLEET SERVICE         | 3/21/2011 | CAR RELEASED WITHOUT PAYMENT                          |

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PARTS DEPARTMENT

- We looked at the open parts invoices nothing there are many open parts tickets dating back as early as August, 2006. Reasons for these open parts vary from parts ordered for customers, but never picked up, to parts ordered and installed, but never paid for etc. We recommend management review the open parts invoices with the parts managers and institute a procedure for future parts orders. Below are some of the significant open parts invoices (2527).

| INV#   | DATE       | CUSTOMER              | AMOUNT |          |
|--------|------------|-----------------------|--------|----------|
| 255405 | 8/11/2006  | PORT MOTORS           | 26.00  |          |
| 314565 | 5/27/2008  | RETAIL                | 299.25 |          |
| 353117 | 6/24/2009  | MANDJ SHAMSUNDAR      | 806.90 | EMPLOYEE |
| 354231 | 7/3/2009   | MANDJ SHAMSUNDAR      | 338.87 | EMPLOYEE |
| 377157 | 2/16/2010  | BETSO AUTO REPAIR     | 151.95 |          |
| 410219 | 12/17/2010 | KHAN'S AUTO REPAIR    | 349.06 |          |
| 421561 | 4/6/2011   | E. T. TOWING & REPAIR | 114.74 |          |
| 423262 | 4/21/2011  | DUDLEY'S AUTO REPAIR  | 246.43 |          |

We are concerned with the parts department's ability to give parts out without collecting any money (see open parts invoice list 2527). In addition there are also parts receivables that are not always being followed up for collection. Per our conversation with Al and Vivian, Al does not also have the time to follow up on his receivables list for payment and/or bounced checks due from his customers. Also customers will pay different amounts than the parts invoices which make it very difficult to figure out what the customer is paying.

We recommend management get together to institute a more efficient plan for controlling the open parts invoice list, receivable collections and how customers pay for their parts tickets.

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PARTS DEPARTMENT (continued)

It may be advantageous for the parts department to assign someone or if necessary hire a new person to act as a liaison person to work with the parts department and the accounting department to help control these open parts tickets, assist with collection, determine what the customers are paying for, help send out the monthly accounts receivables statements, which parts have been ordered and if a deposit was received, track and account for bounced checks.

There is a lot of money going through the parts departments. Al may not be able to keep up on all of the administrative functions plus run the departments. We can meet with Al, you, John and Vivian to go over the various situations and how to institute procedures to handle the volume, collections, credit issues, bounced checks, deposits, ordering processes, and payments from customers.

cc Vivian Karouzakis

Very truly yours,

VOYNOW, BAYARD AND COMPANY



Randall E. Franzen, CPA



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PAUL VOYNOW, CPA

June 1, 2011

Mr. Steven Koufakis  
Star Mitsubishi  
211-34 Jamaica Avenue  
Queens Village, NY 11428

Dear Steven:

From our most recent visit to your dealership, below we have noted some areas that we went over with Debbie as to the status and what needs to be researched and followed up.

### CASH

- The Operating, Refund, Payroll, and Motor Vehicle are reconciled thru April 30, 2011. All deposits in transit were verified that they cleared the bank in the subsequent month.

### FINANCE RESERVES

- The Finance Reserve Accounts have been reconciled thru the end of April 2011 with all aged items being researched and deemed collectible per Debbie.

### HOLDBACK RECIEVABLE

- Holdback receivable is current as of the time of our visit. All amounts expected to be collected within 30 days.

### CAR DEAL SCHEDULE/CONTRACTS IN TRANSIT

- All receivables are current and are to be collected within 7 days.

### AR PARTS & SERVICE

- There are 4 aged receivables over 121 days. Per Debbie at this time none are to written off, as she believes they are all collectible.

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June 1, 2011  
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WARRANTY RECEIVABLE

- Per Debbie all warranty claims are current and/or collectible. Any warranty claims that were deemed uncollectible have already been written off. This schedule totals \$5,836 as of the date of our visit.

REBATES & INCENTIVES

- Per Debbie, all rebates will be collected within 30 days.

EMPLOYEE ADVANCES

- There is one employee receivable for Frederick Luhn in the amount of \$3,380 that is to be written off. Per Debbie, Frederick moved from Star Mitsubishi to Star Toyota.

NEW CAR INVENTORY

- There are currently three 2010 models which have been in inventory for over 150 days.
- Approximately 43% of your new car inventory is made of vehicles that have been in stock for over 125 days.

USED CAR INVENTORY

- There are 7 vehicles (cost \$80,542) currently in inventory that have been in stock longer than 100 days. These vehicles make up approximately 34% of your used vehicle inventory.

ACCOUNTS PAYABLE

- The factory payable account is reconciled monthly and has been reconciled thru April 2011 with no discrepancies.
- The majority of this account is made of two intercompany payables. Star Mitsubishi owes Star Chrysler \$84,000 and owes Star Hyundai \$100,000.

FLOORPLAN

- Floor plan has been reconciled as of the end of April. Interest has been accrued at the end of each month.

A/P EXTENDED WARRANTY

- There are some estimated write-offs in this schedule, we estimate to be around \$2,000.

June 1, 2011

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MITSUBISHI SERVICE

- We looked at an open repair order list (RO) and went over RO's aged 5+ days with the service advisors. We found no cars released without payment. All cars were verified on the premises.

MITSUBISHI PARTS

- We looked at open parts invoices nothing there are many open parts tickets. Reasons for these open parts vary from parts ordered for customers, but never picked up to parts ordered and installed, but never paid for. We recommend management review the open parts invoices with parts managers and institute a procedure for future parts orders. Below are some of the significant open parts invoices (2527).

| <u>Invoice</u> | <u>Date</u> | <u>Customer</u>   | <u>Amount</u> | <u>Comment</u>      |
|----------------|-------------|-------------------|---------------|---------------------|
| 33232          | 10/28/2010  | Mitsu Motor Sales | \$1,204       | Pending Claims      |
| 34630          | 03/05/2011  | Star Chrysler     | 437           | Intercompany        |
| 34845          | 03/21/2011  | Top Level         | 1,737         | Work in Process     |
| 34903          | 03/25/2011  | Star Chrysler     | 349           | Intercompany        |
| 35138          | 04/13/2011  | Top Level         | 797           | Work in Process     |
| 35164          | 04/14/2011  | Top Level         | 28            | Work in Process     |
| 35198          | 04/16/2011  | Tach Motor Works  | 3,591         | Work in Process     |
| 35265          | 04/21/2011  | Top Level         | 305           | Waiting for part    |
| 35352          | 04/28/2011  | Star Chrysler     | 323           | Intercompany        |
| 35371          | 04/29/2011  | Sean Chin         | 65            | Customer to pick up |
| 35403          | 05/03/2011  | Shefir Salarbux   | 25            | Employee            |
| 35472          | 05/07/2011  | H. Persaud        | 10            | Employee            |

Very truly yours,

VOYNOW, BAYARD AND COMPANY



Randall E. Franzen, CPA

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PAUL VOYNOW, CPA

June 1, 2011

Mr. Steven Koufakis  
Star Metro Chrysler Jeep  
211-34 Jamaica Avenue  
Queens Village, NY 11428

Dear Steven:

From our most recent visit to your dealership, below we have noted some areas that we went over with Debbie as to the status and what needs to be researched and followed up.

### CASH

- The Operating, Refund, Payroll, and Motor Vehicle are reconciled thru April 30, 2011. All deposits in transit were verified that they cleared the bank in the subsequent month.

### FINANCE RESERVES

- The Finance Reserve Accounts have been reconciled thru the end of April 2011 with all aged items being researched and deemed collectible per Debbie.

### HOLDBACK RECEIVABLE

- Holdback receivable is current as of the time of our visit. All amounts expected to be collected within 30 days.

### CAR DEAL SCHEDULE/CONTRACTS IN TRANSIT

- All receivables are current and collectible besides the two customers listed below:
- There is a receivable due from Paul A. Alexander in the amount of \$4,042. This amount is currently in collections and Debbie to write off if it becomes uncollectible.
- There is a receivable due from Maria Mountzidis in the amount of \$29,081. This customer is a friend of Senior's and Debbie to research the status of this deal.

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June 1, 2011  
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#### AR PARTS & SERVICE

- We went through this schedule with Debbie and asked about all aged receivables. Per Debbie the majority of these aged receivables are to be collected or written off at the time they are deemed uncollectible. Below we have listed out two of the aged receivables that will be written off.
- Ronald J. Licciardi has a aged receivable of \$1,141.13. This customer is a friend of John Jr. and he is working with the customer.
- Evie Vlahakis has a aged receivable of \$848.14. This customer is a friend of Senior's and is to written off.

#### WARRANTY RECEIVABLE

- Per Debbie all warranty claims are current and/or collectible. Any warranty claims that were deemed uncollectible have already been written off. This schedule totals \$6,669 as of the date of our visit.

#### REBATES & INCENTIVES

- Per Debbie, all rebates will be collected within 30 days besides 1 rebate.
- There is 1 rebate in the amount of \$3,000 which is 124 days old which Debbie has told us that she will write off.

#### EMPLOYEE ADVANCES

- All amounts are due from current employees and are to be collected. The majority of this account is made up of Steve K money. Steve K took out \$25,000 in April 2011 to pay his estimated personal taxes.

#### SPECIAL VEHICLE INCOME RECEIVABLE

- There is \$14,400 in income in this account which will be picked up per Debbie in May 2011.

#### ACCOUNTS PAYABLE

- The factory payable account is reconciled weekly and has been reconciled thru April 2011 with no discrepancies.

#### FLOORPLAN

- Floor plan has been reconciled as of the end of April. Interest has been accrued at the end of each month.

#### A/P EXTENDED WARRANTY

- Per Debbie All amounts are current.

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METRO SERVICE

- We looked at an open repair order list (RO) and went over RO's aged 5+ days with the service advisors. We found no cars released without payment. All cars were verified on the premises.

| RO#    | CUSTOMER           | DATE      | COMMENT  |
|--------|--------------------|-----------|--|
| 178289 | STEFANO GIANGRANDE | 2/11/2011 | SPOKE WITH DARRYL SUTTON REGARDING THIS VEHICLE. DARRYL WAS UNABLE TO GIVE OUT INFORMATION ON THIS RO. |

Very truly yours,

VOYNOW, BAYARD AND COMPANY



Randall E. Franzen, CPA

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PAUL VOYNOW, CPA

May 30, 2011

Mr. John Koufakis  
Star Hyundai  
206-26 Northern Blvd  
Bayside, NY 11361

Dear John

The following is an overview of items noted during our most recent visit to your dealerships.

### CASH

- The Merchant, Operating, Refund and Motor Vehicle accounts were reconciled through the end of April.
- The Payroll cash account was still in the process of being reconciled by Debbie for April, however it had been reconciled through March.

### CONTRACTS IN TRANSIT

- There was \$291,131 in outstanding contracts as of May 24, 2011 with 9 items totaling \$152,378 aged over 10 days. The oldest outstanding contract was 32 days old. Per accounting staff, all contracts are in process and either have been or will be approved.

### VEHICLE RECEIVABLES

- The schedule totals \$(45,841). There was one open balance due from an employee, Janette Vasquez, for \$2,087 which is 94 days old. The employee is paying \$100 per week on this balance.

### ACCOUNTS RECEIVABLE PARTS AND SERVICE

- The total outstanding balance was \$18,062 with \$3,917 of the total balance being intercompany balances. The balance of the account older than 90 days was \$1,106. The schedule in general need to be researched and cleaned up as soon as possible and several slow paying clients need to be contacted regarding payment.



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REBATES RECEIVABLE

- The schedule needs to be worked on per Vivian. The schedule contains many debits and credits aged between 30 and 195 days that which total \$18,400.

WARRANTY RECEIVABLE

- The warranty schedule contains 75 items aged over 30 days that total \$13,061. Per Vivian and Carmen, Steve Hausman is supposed to be working on this schedule with the warranty clerk, Stefanie. We recommend that this schedule be researched to determine if any of these items need to be resubmitted, further documented or written off.

NEW VEHICLE INVENTORY/FLOOR PLAN

- The new vehicle floor plan is reconciled monthly and the balance has been reconciled through the April 30, 2011 floor plan statement. No physical inventories have been taken by the dealership. We recommend monthly physical inventories be taken and reconciled to ensure the vehicle was located and sales are recorded and vehicles are paid off timely

USED VEHICLE INVENTORY/FLOOR PLAN

- There is no used vehicle floor plan and no physical inventory counts are being done. We recommend monthly inventory counts and reconciliations in order to ensure that all vehicles are properly accounted for and to make sure that vehicles are on the correct company inventories.

EXTENDED WARRANTY A/P

- We noted that all warranty payable balances were current and it appears that extended warranty contracts sold in the car deals are being submitted timely and paid regularly.

Very truly yours,

VOYNOW, BAYARD AND COMPANY



Randall E. Franzen, CPA

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STEVEN W. WHITE, CPA

PAUL VOYNOW, CPA

May 30, 2011

Mr. John Koufakis  
Star Nissan  
206-26 Northern Blvd  
Bayside, NY 11361

Dear John

The following is an overview of items noted during our most recent visit to your dealerships.

### CASH

- The Merchant, Operating, Refund and Motor Vehicle accounts were reconciled through the end of April.
- The Payroll cash account was still in the process of being reconciled by Debbie for April, however it had been reconciled through March.

### CONTRACTS IN TRANSIT

- There was \$873,302 in outstanding contracts as of May 24, 2011 with 10 items totaling \$210,199 aged over 10 days. The oldest outstanding contract was 24 days old. Per Cristina, she has received approvals or funding notices on all but 2 of these items that she will continue to research and monitor.

### VEHICLE RECEIVABLES

- The schedule totals \$(143,237). There were no debit balances and no outstanding credits aged over 36 days.

### ACCOUNTS RECEIVABLE PARTS AND SERVICE

- The total outstanding balance was \$207,137 with \$60,836 of the total balance being either intercompany balances or owner receivable balances. The balance of the account older than 90 days was \$39,920. The schedule in general need to be researched and cleaned up as soon as possible and several slow paying clients need to be contacted regarding payment.



May 30, 2011  
Page 2

REBATES RECEIVABLE

- The schedule needs to be worked on and per Vivian she has to post three weeks of rebate payments. The schedule contains many debits and credits aged between 30 and 100 days that which total \$1,500.

WARRANTY RECEIVABLE

- The warranty schedule contains 18 items aged over 30 days that total \$3,357. Per Carmen, the 5 largest items older than 30 days which total \$2,670 may be errors that need to be charged back to the service department and the remainder of the items are small balance differences in the receipt from the warranty company that need to be adjusted.

NEW VEHICLE INVENTORY/FLOOR PLAN

- Christina reconciles the account monthly and the balance has been reconciled through the April 30, 2011 floor plan statement. No physical inventories have been taken by the dealership. We recommend monthly physical inventories be taken and reconciled to ensure that the vehicles are on premise, sales are recorded and vehicles are paid off timely.

USED VEHICLE INVENTORY/FLOOR PLAN

- There is no used vehicle floor plan and no physical inventory counts are being done. We recommend monthly inventory counts and reconciliations in order to ensure that all vehicles are properly accounted for and to make sure that vehicles are on the correct company inventories.

PREPAID OTHER

- We looked over a prepaid other schedule and noted a couple of items that will effect net income at year end:
  - There is a debit for \$61,176.34 that is a TMCC buyback that needs to be expensed at year end
  - There is a \$190,000 debit for the Collins settlement that will be an expense at year end, however, Vivian stated that this will likely grow to approximately \$400,000 by the time it is closed.

EXTENDED WARRANTY A/P

- We noted that there were 8 debit balances aged over 60 days that total \$3,455. Per Carmen, the 2 largest balance over 60 days which total \$2,688 are warranty cancelations that need to be processed while the remaining 6 balances are differences in the charge from the warranty company that need to be written off.



May 30, 2011  
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INTERSTATE NATIONAL DEALER SERVICES

- The schedule consists of 2 aged balances that total \$3,495.14. Per Carmen, these are Portfolio Warranty receivables and she should have been paid this through a reduction of the bill for Portfolio warranties sold. She needs to further research this to determine where these balances need to be offset.

TOYOTA EXTRA CARE CARE - SERV. CONT.

- The schedule consists of 3 aged balances that total \$95.10. Carmen needs to research these items to determine if they were paid or if some adjustment needs to be made.

EASY CARE SERVICE CONTRACT

- The schedule totals \$6,925.42 and contains 26 debit balances (25 of which are aged over 30 days) and 2 current credit balances. Carmen needs to research these items in order to clean the schedule and insure that all collectible balances are collected.

SERVICE DEPARTMENT

- We looked at an open repair order list (RO) and went over RO's aged 5+ days with the service advisors. We were unable to locate the following customers vehicles:

| RO#    | CUSTOMER           | DATE       | COMMENT  |
|--------|--------------------|------------|--|
| 374855 | STEVEN HAUSMAN     | 10/29/2010 | VEHICLE RELEASED WITHOUT PAYMENT. SERVICE MANAGER'S CAR    |
| 384441 | STEVEN HAUSMAN     | 3/30/2011  | VEHICLE RELEASED WITHOUT PAYMENT. SERVICE MANAGER'S CAR    |
| 385449 | STEVEN HAUSMAN     | 4/15/2011  | VEHICLE RELEASED WITHOUT PAYMENT. SERVICE MANAGER'S CAR    |
| 386041 | SHARONE STERN      | 4/26/2011  | VEHICLE RELEASED WITHOUT PAYMENT. LONG TIME CUSTOMER       |
|        |                    |            | VEHICLE RELEASED WITHOUT PAYMENT. STEVEN HAUSMAN'S WIFE'S  |
| 379684 | NANCY MARKSTEINER  | 1/17/2011  | BOSS.  |
| 380731 | GLORIA LEVENSTIEM  | 2/4/2011   | VEHICLE RELEASED WITHOUT PAYMENT. STEVEN HAUSMAN'S WIFE.   |
| 377208 | SHOSHANA HALBREICH | 12/6/2010  | VEHICLE RELEASED WITHOUT PAYMENT. FRIEND OF STEVEN HAUSMAN |
| 383357 | SHOSHANA HALBREICH | 3/14/2011  | VEHICLE RELEASED WITHOUT PAYMENT. FRIEND OF STEVEN HAUSMAN |
| 386826 | SHOSHANA HALBREICH | 5/9/2011   | VEHICLE RELEASED WITHOUT PAYMENT. FRIEND OF STEVEN HAUSMAN |

May 30, 2011

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PARTS DEPARTMENT

- We looked at open parts invoices nothing there are many open parts tickets. Reasons for these open parts vary from parts ordered for customers, but never picked up to parts ordered and installed, but never paid for. We recommend management review the open parts invoices with the parts managers and institute a procedure for future parts orders. Below are some of the significant open parts invoices (2527).

| INV#   | DATE      | CUSTOMER                  | AMOUNT   |
|--------|-----------|---------------------------|----------|
| 459826 | 3/14/2011 | STEINWAY AUTO PARTS       | 140.92   |
| 460055 | 3/16/2011 | SPECIALTY MOTOR CARS      | 451.92   |
| 460753 | 3/23/2011 | BRENDAN'S SERVICE STATION | 122.22   |
| 460948 | 3/25/2011 | CLEARVIEW TIRE & AUTO     | 155.32   |
| 461388 | 3/31/2011 | JEM AUTO REPAIR           | 187.80   |
| 462809 | 4/15/2011 | R&D AUTO REPAIR           | 276.73   |
| 463263 | 4/21/2011 | PRIME AUTO                | 1,073.36 |

We are concerned with the parts department's ability to give parts out without collecting any money (see open parts invoice list 2527). In addition there are also parts receivables that are not always being followed up for collection. Per our conversation with Al and Vivian, Al does not also have the time to follow up on his receivables list for payment and/or bounced checks due from his customers. Also customers will pay different amounts than the parts invoices which make it very difficult to figure out what the customer is paying.

We recommend management get together to institute a more efficient plan for controlling the open parts invoice list, receivable collections and how customers pay for their parts tickets.

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PARTS DEPARTMENT

It may be advantageous for the parts department to assign someone or if necessary hire a new person to act as a liaison person to work with the parts department and the accounting department to help control these open parts tickets, assist with collection, determine what the customers are paying for, help send out the monthly accounts receivables statements, which parts have been ordered and if a deposit was received, track and account for bounced checks.

There is a lot of money going through the parts departments. Al may not be able to keep up on all of the administrative functions plus run the departments. We can meet with Al, you, John and Vivian to go over the various situations and how to institute procedures to handle the volume, collections, credit issues, bounced checks, deposits, ordering processes, and payments from customers.

Cc Vivian Karouzakis

Very truly yours,

VOYNOW, BAYARD AND COMPANY



Randall E. Franzen, CPA